

DEVELOPING A CASH FLOW PROJECTION FOR BUSINESS START-UP AND EXPANSION

THE BIG PICTURE

Start with the national market and regional markets and work your way down to your own local target market.

First stop

The Encyclopedia of Associations

Gale Research Inc.
835 Penobscot Bldg.
Detroit, MI 48226-4094
313-961-2242
800-347-4253

(also check **Encyclopedia of Business Information Sources** , Gale Research)

These can be found at local libraries and technical assistance agencies such as SBDC's.

Go to the index and look up the primary related business associations. Then go to the main directory and photocopy each association's profile. Start calling and try to get "cost of doing business surveys," industry statistics, business profiles, books, and periodicals that the association publishes. Don't stop there! As you speak with them ask for other leads, possibly outside the association. Some of this stuff costs money or you need to join. Plan on paying something because this information can be extremely valuable.

Other sources:

Directory of Business Information Resources

<http://www.greyhouse.com/trivia.htm>

Grey House Publishing
Pocket Knife Square
Lakeville, CT 06039
860-435-0868

A guide to print media, electronic media, and trade shows for 93 industry groups.

The Franchise Annual

<http://www.infoneews.com/>

728 Center Street
PO Box 550
Lewistown, NY 14092-0550
716-754-4669

Franchise profiles information, related data with regard to legalities, regulations, analysis, etc.

You can often acquire franchise profiles and percentage operating costs from some of the requested information.

North American Industry Classification System. (NAICS)

www.census.gov/naics

National Technical Information Service
5285 port Royal Road
Springfield, Virginia 22161

Classifies businesses by the type of activities in which they are engaged.

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Internet – just a few favorites, don't stop here

<http://www.business.gov>

Used to set reasonable expectations about sales and to compute seasonal indices. Includes retail, wholesale, taxable service, manufacturing, and mineral.

<http://www.sba.gov/>

<http://www.sba.gov/SBIR/sbirq.html>

Information about the Small Business Innovative Research (SBIR) grant program sponsored by the SBA. Works well for high-tech and scientific firms.

<http://www.census.gov/mrts/www/mrts.html>

Revised monthly sales and inventories that can be used to determine monthly sales revenues projected after an annual number is determined.

<http://www.sba.gov>

SBA's main website that will gain you access to their programs.

<http://www.stat-usa.gov>

<http://www.frbkc.org/RuralCenter/RuralMain.htm>

U.S. Industry and Trade Outlook

<http://www.ntis.gov/product/industry-trade.htm>

DRI/McGraw Hill

ISBN 0-07-032931-1

Excellent guide for a "Big Picture" outlook of various U.S. industries. Provides in-depth profiles, analysis, demand, and trends of numerous industries.

Thomas Register

<http://www.thomasregister.com/>

These volumes contain company profiles, products, and services primarily for larger companies in the U.S. Generally these are not particularly useful other than to see how other companies advertise and possibly to offer insight into product mixes and advertising formats. Also possibilities for direct contacts with company personnel.

Dun and Bradstreet's Industry Studies – Industry Norms and Key Business Ratios

Total analytical information on 10 major industries. Financial and general business conditions that influence each major industry. Benchmarking tools for evaluating industry performance, customers, and peers.

Statistical Abstract of the United States

<http://www.census.gov/statab/www/>

U.S. Dept. of Commerce

A standard summary of statistics on the social, political, and economic organization of the United States.

Nice guide with easy to look-up information and trends on the U.S. and individual states.

Business Periodicals Index

<http://www.hwwilson.com/>

H.W. Wilson Co.

718-588-8400

Found at better libraries near you. Up to date articles that can give inside looks at recent trends and events in your industry.

"Industry Surveys"

<http://www.standardandpoors.com/>

Standard and Poors

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Survey of Buying Power

Sales and Marketing Management Magazine
<http://www.salesandmarketing.com/smmnew/>

Bill Communications Inc.
355 Park Ave. South
New York, NY 10010-1789
800-443-2155

Information on population and income for every state, by cities and counties. Includes per capita, per household income, buying power index (BPI) and earning power index (EPI).

Small Business Profiles

Gale Research
800-347-4253

Information on 60 types of businesses regarding various aspects of starting a small business.

New York Times Index

New York Times Co.
229 W.43rd St.
New York, NY 10036-3913
212-221-5065

Brief digests of articles related to your business that have appeared in the *New York Times* and its subsidiary publications.

The Lifestyle Market Analyst

<http://www.srds.com>
SRDS
1700 Higgins Rd.
Des Plaines, IL 60018
800-851-SRDS

Demographic information on popular activities broken down by geographic market. Available only through universities and public libraries.

USING THE INFORMATION – WHAT TO DO NEXT

OK, you have found some great information and you're loaded for bear. The big picture looks good, or at least reasonable, based on your research. The market is large or growing and you think there is potential in your area.

Now you need information on the county or city level. If you are going regional or national you have already gathered it. Let's take a look at local available information first.

Bureau of Business and Economic Research (BBER)

<http://www.bber.umt.edu/>
University of Montana, Missoula
406-243-5113

Call for demographic information to assist you with the development of your projections and possibly with the narrative part of your business plan. Keep in mind that much of this information may now be found elsewhere, especially on the Internet. BBER may suggest other places to investigate.

Montana Census and Economic Information Center

<http://ceic.commerce.state.mt.us>
1424 Ninth Ave.
PO Box 200501
Helena MT, 59620-0501
406-444-2896

Extensive Demographic and Socioeconomic Information.

Order **Montana county statistical reports** – individual counties will cost **\$25.00** ea.

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SBA Business Information Center – (BIC) Helena, Montana

301 South Park, Room 334
Helena, MT 59626-0054
406-441-1081

The BIC center has numerous guides and information that can be useful for a business. The **Entrepreneur Group business guides** can be very useful for building a basic framework for a specific business; you will still need to take into account the various local factors. If you are interested in the business guides, call the BIC first to see if they have the guide you need on hand. The center also has Internet access, computers, copying machines and other valuable business information.

Montana Tourism Bureau

<http://www.forestry.umt.edu/research/MFCES/programs/itr/>

406-243-5686

Found at the Institute for Travel and Tourism Research (ITTR) at the University of Montana. Have numerous reports and studies regarding tourist trends and demographics.

Various city, county, state, federal agencies

Ex: City clerk and recorder's office would have birth, death, vehicle license, and marriage information.

Ex: Mt. Dept. of Transportation will provide traffic counts by request for areas you are interested in.

Threshold Studies – various states

The studies correlate business activity with demographics. For example for every 1,000 population in Iowa you can expect 2 restaurants, 1 grocery store, 1 tavern etc. The best way to use a threshold study from another state is to make sure you are comparing somewhat similar areas and town sizes. Sometimes local county extension agents have copies of threshold studies from surrounding states. Unfortunately, Montana does not have any completed threshold studies at this time.

Yellow Pages – Local

Obviously you should check your local and area yellow pages to find out who your competitors are but you can also call these businesses for an “activity check”, i.e., a busy group of competitors isn't *necessarily* a great sign but it probably indicates some potential for your market.

Meet with owners of similar businesses outside your area

One of the best information sources is successful business people outside of your proposed area. These people are often proud of their success and willing to share this success with outsiders if they perceive you to be non-threatening. In some cases they will even let you examine their financials. This is a great way to copy and incorporate successful operating practices into your proposed business. Again, be sure to make apples-to-apples comparison adjustments; their situation will usually differ somewhat from yours. Also, you should plan on spending some dollars for phone calls, travel, and probably meals for these people.

Local Chamber of Commerce

A source for local statistics and information.

Jean Bishop – Associate Professor, Head of Reference Services

<http://www.mtech.edu/library>

406-496-4281

Go to the Montana Tech Library in Butte and get in touch with Jean. She is an expert on finding information and resources for start-ups and established businesses. Also, an excellent resource for patent and copyright information.

Trade Shows

Attend trade shows to find out what potential competitors are selling and how they are marketing their products.

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Montana Business Quarterly

<http://www.bber.umt.edu/>

406-243-5113

Contains business profiles and economic research for Montana. Back issues can be purchased for \$10 each. Subscriptions are \$30 per year.

Local Business Development Corporation Studies

Sometimes towns and municipalities have completed or paid for in-depth market studies for their areas. These are usually free but require some phone time to find out if studies have been done for your area.

SCORE

Service Corps of Retired Executives – Program sponsored by the SBA that matches experienced volunteers with businesses that need expert advice. Look into your telephone book to find your local chapter.

Local Bankers, Realtors, and Insurance Companies

These “real world” people work with businesses every day and usually have valuable insights into area market conditions.

Consultants

If you have funds available you might consider hiring an expert in your field to assist with initial market assessments. Some caution is needed here in defining the scope and price for any engagement. You should also investigate the consultant’s background and successful experience in your business area.

Suppliers – Equipment and Goods

One of the best sources for market potential are the suppliers of goods you plan on selling or suppliers of equipment you will need to run your business. An example of a goods supplier would be a Montana supermarket wholesaler such as Supervalu or Sysco Foods. These businesses often have staff people or consultants on-hand who give valuable advice and even do studies as to an area’s business potential. An example of knowledgeable equipment suppliers would be coin-operated laundry equipment wholesalers or car wash equipment wholesalers.

Some equipment suppliers also have in-depth performance studies and/or guides for equipment you will be using. These can be very valuable when bidding jobs or projects where equipment performance, capacity, cycling times, and other factors are critical. For heavy equipment look at a “Blue Book” to figure this including ownership costs.